

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 COME-00 TRSE-00
L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00
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INFO USMISSION USUN NEW YORK
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E.O. 11652: N/A

TAGS:EMIN, UNCTAD

SUBJECT: UNCTAD TDB 8TH SPECIAL SESSION: TUNGSTEN

REF: GENEVA 2638 (NOT SENT LA PAZ OR LONDON)

1. USG POSITION CONCERNING THE POSSIBILITY OF INCLUDING
A PROPOSAL FOR A TUNGSTEN NEGOTIATION ON THE TDB AGENDA
IS THAT WE REMAIN OPPOSED TO A CONFERENCE TO NEGOTIATE
AN INTERNATIONAL COMMODITY AGREEMENT (ICA) FOR TUNGSTEN
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BECAUSE THERE IS NO CONSENSUS BETWEEN PRODUCERS AND
CONSUMERS AS TO EITHER THE BASIC VIABILITY OF AN ICA FOR
TUNGSTEN OR THE FORM SUCH AN ICA COULD TAKE. MOREOVER,
FROM OUR DISCUSSIONS WITH SEVERAL PRODUCERS (THAILAND,
CANADA, AUSTRALIA, AND BOLIVIA), IT IS EVIDENT THAT
PRODUCERS ARE NOT ENTIRELY IN AGREEMENT ON
A TUNGSTEN ICA, ALTHOUGH ALL GENERALLY FAVOR

THE NEGOTIATION OF SOME FORM OF ARRANGEMENT. ONLY BOLIVIA (PERHAPS WITH ACTIVE PRC AND PASSIVE AUSTRALIAN SUPPORT) ENDORSES THE CONCEPT OF A TUNGSTEN ICA SIMILAR TO THAT OF THE FIFTH INTERNATIONAL TIN AGREEMENT AND A TDB SPONSORED NEGOTIATION DESIGNED TO ACHIEVE IT.

HOWEVER, WE UNDERSTAND THAT BOTH CANADA AND AUSTRALIA WOULD PREFER TO HAVE TUNGSTEN REMAIN WITHIN THE UNCTAD COMMITTEE ON TUNGSTEN (COT) UNTIL SUCH TIME AS THERE IS A BROAD CONSENSUS AMONG PRODUCERS AND CONSUMERS ON THE USWFULNESS AND FORM OF A TUNGSTEN ARRANGEMENT.

2. ACCORDINGLY, WE ARE OPPOSED TO THE INCLUSION OF TUNGSTEN ON THE TDB AGENDA AND BELIEVE THAT THE TUNGSTEN QUESTION SHOULD REMAIN IN THE COT FOR RESOLUTION. IN THIS CONNECTION, IN YOUR INFORMAL CONSULTATIONS, IN GROUP B DISCUSSIONS, AND IN INDIVIDUAL DISCUSSIONS WITH PRODUCERS (AUSTRALIA, BOLIVIA, CANADA, PRC, PORTUGAL, SOUTH KOREA AND THAILAND), YOU MAY STATE THAT THE US IS PREPARED TO: 1) PARTICIPATE IN AN EARLY MEETING OF THE COT; 2) AGREE TO THE FORMATION OF A GROUP OF EXPERTS BY THE COT TO DETERMINE WHETHER MEASURES TO IMPROVE THE MARKET ARE FEASIBLE AND DESIRABLE AND TO MAKE APPROPRIATE RECOMMENDATIONS TO THE COT FOR CONSIDERATION; 3) AGREE TO AN EXPEDITED WORK PROGRAM, SAY SIX MONTHS, FOR THE GROUP OF EXPERTS TO BE IMMEDIATELY FOLLOWED BY A COT MEETING TO DETERMINE WHETHER AN ARRANGEMENT SHOULD BE NEGOTIATED OR OTHER ACTIONS TAKEN. HOWEVER, WE ARE PREPARED TO PARTICIPATE IN A GROUP OF EXPERTS ONLY IF LIMITED OFFICIAL USE

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THE TERMS OF REFERENCE FOR SUCH A GROUP ARE SUFFICIENTLY BROAD TO ENCOMPASS ALTERNATIVE MEASURES FOR THE STABILIZATION OF TUNGSTEN TRADE.

3. OUR BASIC POSITION RE STABILIZATION MEASURES FOR TUNGSTEN IS THAT TIN-TYPE ARRANGEMENT IS NOT APPROPRIATE GIVEN THE UNIQUE CHARACTERISTICS OF THE INDUSTRY, E.G., POOR DATA BASE; LACK OF TERMINAL MARKET; RELIANCE ON LONG TERM CONTRACTS; NO STANDARDIZED PRODUCT. WE WOULD, HOWEVER, BE PREPARED TO CONSIDER OTHER MEANS TO ENCOURAGE AND STABILIZE TRADE IN TUNGSTEN INCLUDING THE ESTABLISHMENT OF A PRODUCER CONSUMER FORUM. IN RECENT CONVERSATIONS WE HAVE HAD WITH THE UK, FRG, AND JAPANESE, THEY HAVE SUPPORTED OUR POSITION.

4. FYI: WE UNDERSTAND BOLIVIA WILL BE REPRESENTED AT THE TDB BY CARLOS ITURALLDE, PROMINENT BOLIVIAN BUSINESS-MAN WHO HAS GAINED MUCH NEGOTIATING EXPERIENCE FROM HIS PARTICIPATION IN THE INTERNATIONAL TIN COUNCIL. ITURALLDE

WHO WE UNDERSTAND WILL BE TRANSITING GENEVA ENROUTE TO SOUTHEAST ASIA, IS FAMILIAR WITH OUR POSITION, BUT REMAINS

INSISTENT ON A TIN TYPE ARRANGEMENT FOR TUNGSTEN. ITURALLDE MAY ATTEMPT TO CONVEY THE IMPRESSION THAT HE IS SPEAKING FOR ALL PRODUCERS WHEN IN FACT, TO OUR KNOWLEDGE, PRODUCERS HAVE VARYING VIEWS ON THE TUNGSTEN QUESTION.

5. FOR FURTHER GUIDANCE SEE THE HEWITT-STREEB LETTER OF MARCH 28.

CHRISTOPHER

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